A-76 COMPARE Costing

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A-76 COMPARE Costing

- Intended Audience:
  - Individuals who will be involved in the development of the Agency Tender (AT) and source selection evaluation of A-76 competitions
  - Participation requires fundamental knowledge of the purposes and processes of the competitive sourcing program
  - Attendees should read Attachment C of OMB Circular A-76 (May 2003)

A-76 COMPARE Costing

- Training Track Objectives:
  - Understand fundamentals of developing the Agency Cost Estimate (ACE) as well as the overall Standard Competition Form (SCF)
  - Understand fundamentals of how COMPARE operates in determining both the ACE and Private Sector/Public Reimbursable costs in determining A-76 competition low-cost service provider

Agenda

- Introduction - Overview of Competitive Sourcing and Cost Estimating
- General Cost Rules
- Using *COMPARE* and the Costing Rules

STANDARD COMPETITION PROCESS

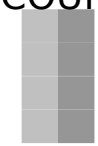
INVENTORY

PRELIMINARY PLANNING

Packaging/ Competition Parameters

- Scope
- Baseline Costs
- Type
- Officials

POST COMPETITION ACCOUNTABILITY



Public Announcement

Official Start Date

Team Selection

- Only Occurs After Public Announcement
- Firewalls in Place
- Training

PWS Development

- Draft PWS Posted

Solicitation Issued

MEO Development

Industry Offers

Agency Tender

- *MEO*
- *Quality Control Plan*
- *Phase In Plan*
- *Agency Cost Estimate*

Source Selection

Performance Decision

Contests

Official End Date

Months

1 2 3 4 5 6 7 8 9 10 11 12

A-76 Circular Terms

- **Agency/Agency Source -** Service provider staffed by government personnel

- **Agency Cost Estimate (ACE) -** Cost estimate of a service provider staffed by government personnel or a mix of government personnel and service subcontracts

- **Agency Tender (AT) -** Agency business plan and technical proposal which also includes the Most Efficient Organization (MEO), Agency Cost Estimate (ACE), Quality Control Plan (QCP) and Phase-In Plan (PIP)

- **Agency Tender Official (ATO) -** Decision making authority responsible for the agency tender and represents the agency tender during source selection

A-76 Circular Terms

- **Competition Officials -** Prior to announcement DCSO appoints:
  - ATO
  - Contracting Officer (KO)
  - Source Selection Authority (SSA)
  - Human Resource Advisor (HRA)
  - Performance Work Statement (PWS) Team Leader

- **Component Competitive Sourcing Official (CCSO) -** Responsible for the implementation of the A-76 Circular within their service component

- **Delegated Competitive Sourcing Official (DCSO) -** Responsible for the implementation of the A-76 Circular within their MACOM, DRU, FOA, or HSSA

- **First Period of Full Performance -** First period of full performance is the second performance period (the performance period immediately following phase-in period, regardless of the second performance period's length) when the service provider becomes fully responsible for performing the activity

A-76 Circular Terms

- **Private Sector (PS) Source -** Commercial service provider that could perform a governmental activity on a contractual basis
- **Public Reimbursable (PR) Source -** Service provider from a federal agency that could perform a commercial activity for another federal agency on a fee-for-service reimbursable basis
- **Service Provider (SP)** – Term used to delineate a governmental commercial activity performance by either an Agency, PS, or PR source
- **Standard Competition Form (SCF)** – Agency form that documents and certifies all costs calculated in the standard competition
- **Streamlined Competition Form (SLCF)** – Agency form that documents and certifies all costs calculated in the streamlined competition

Agency Tender Official

- Independent of KO, SSA, and PWS Team
- Develop, certify, and represent AT
- Designate MEO Team
- Provide MEO resources and training
- A directly interested party
- Make all final management decisions for AT
- Comply with OMB Circular A-76 and Department of the Army directives
- Provide certified AT to KO by solicitation closing date
- May propose alternate performance standards (i.e., Phased Evaluation and Tradeoff negotiated acquisitions)
- Allowed to make changes to AT via Attachment B of circular
- Represent the AT during exchanges with KO

Cost Estimating versus COMPARE

- Cost estimating determines the data you enter into COMPARE (e.g., MEO type decisions form basis for cost estimates)
- COMPARE calculates the cost considering inflation, proration and OMB costing rules
- *COMPARE will not recognize if you enter the wrong number!!!*

General Costing Rules

- Inflation
- Proration
  - Performance Periods less than 12 months
  - Shared equipment or resources
- Economic Price Adjustment (EPA)
  - Costs that are subject to inflation through the end of the first period of full performance (following phase-in)
  - Service Contract Act (SCA)
  - Davis Bacon Act (DBA)
  - Applicable FAR clauses (e.g., 52.222-43 or 52.222-44)
  - Fair Labor Standards Act (FLSA)

Common Costs

- The cost is realized by the Government regardless of outcome of Public-Private Competition (i.e. performed by either PS, PR, or Agency source)

- Common Costs are not included in the ACE or in PS price/PR cost estimate

Data Collection

- Types of Cost Data (i.e. labor hours, historical, production schedules, etc.)

- Sources of Cost Data Information
  - Financial/accounting reports and records
  - Cost databases
  - Industry guides and standards
  - Wage determinations
  - Cost proposals and contracts

Basis for A-76 Cost Estimates

- Cost Estimates that are used to develop data for COMPARE should be based on AT resource requirements

- *Again, COMPARE will not recognize if you enter the wrong number!!! The analyst determines validity of Cost Estimate entered into COMPARE Model !!!*

Key to Good Estimate: Consistent…Traceable…Well Documented

Agenda

- Introduction - Overview of Competitive Sourcing and Cost Estimating
- General Cost Rules
- Using *COMPARE* and the Costing Rules

General Cost Rules

OMB Circular No. A-76 (Revised), May 2003

(Including technical correction made by OMB Memorandum M-03-20 on 8/15/03)

General Cost Rules

- Use of OMB Circular Attachment C costing rules are mandatory
- Revised Circular specifies performance periods will be 3 to 5 years (excluding the phase-in period)
  - DCSO must obtain OMB approval prior to public announcement to exceed five years
- SCF not a funding document
- Must be a firewall between preparer of ACE and Independent Government Estimate (IGE)

General Cost Rules

- Performance Bonds
- Phase-In must be included as separate CLIN and designated as First Performance Period
- COMPARE Software Mandatory
  - Makes DoD responsible for maintaining/changing program
- Help Desk – Advisories at http://www.COMPAREa76.com
- Revised A-76 Circular Significant Changes to Competition Cost Estimate Process
  - Establishes SLCF
  - Allows for performance decision other than “low-cost”

Agenda

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COMPARE Input Rules

- MS Access Based
- Enter Horizontally - Not Vertically
- Use TAB Key to maneuver
  - Not Arrow Keys
  - Not Mouse

COMPARE Table Management

Table No.	Table Name	Responsibility
Table 1	Competition Type/Method of Operation	Restricted
Table 2	GS Pay Schedules	User
Table 3	FWS Pay Schedules	User
Table 4	NAF/FN Wages/Salaries	User
Table 5	Military/Unformed Services Composite Pay Rates	User
Table 6	Position Type Codes	Restricted
Table 7	Fringe/Medicare Factors	Restricted
Table 8	Cost Factors/Rates	User
Table 9	NAF/FN Factors/Rates	User

COMPARE Table Management

Table No.	Table Name	Responsibility
Table 10	Reserved	Restricted
Table 11	FTE Available Work Hours	Restricted
Table 12	Competition Status Codes	Restricted
Table 13	Useful Life/Disposal Values	Restricted
Table 14	Tax Rates	Restricted
Table 15	Contract Administration Cost Factors	Restricted
Table 16*	Functional Areas	User

* Created when new cost estimate file is created

New ACE File

- Competition Type/Method of Operation Code
  - Agency (Agency is current SP)*
  - Expansion (30% increase in operating cost or 30% increase in capital investment)
  - Mix (Partial conversion of current PS work to Agency)
  - New Requirement
  - PS/PR (PS or PR is current SP)
  - Streamlined (65 or fewer FTEs)

* Most of you will only be dealing with “Agency” Competition Type/Method of Operation Code

New ACE File

- Password (8-14 characters, no “;”, case sensitive)
- Tender Type (Agency or PR?)
- Agency Type (DoD or Non-DoD?)
- Cost Data Type (ACE, Pre-Planning or Adjusted Baseline?)
- “File Type” Option
  - Template Master
  - Normal Study File
- Table 16 (must enter at least one Functional Area)
- Cost Records
- Line Rationale
- Back-Up
- Print Documents
- Global Update
- DoD Commercial Activities Management Information System (DCAMIS) Data Export

Cost Records

Agency Performance

Line 1 - Personnel
Line 2 - Material & Supply
Line 3 - Other Attributable
Line 4 - Overhead
Line 5 - Additional
Line 6 - Total Agency

PS/PR Performance

Line 7 - PS Price/PR cost estimate
Line 8 - Contract Admin.
Line 9 - Additional
Line 10 - One-Time Conversion
Line 11 - Gain on Assets
Line 12 - Federal Income Taxes
Line 13 - Total PS/PR

Competition Decision Calculations

Line 14 - Conversion Differential
Line 15 - Adjusted Total Cost of Agency Performance
Line 16 - Adjusted Total Cost of PS/PR Performance
Line 17&18 - Cost Difference/Low-Cost Provider

Line 1 – Personnel Costs

- Direct/indirect Agency labor and supervision
- Local personnel costs that directly support Direct Labor
  - Management of senior MEO positions
  - Blanket Purchase Agreement (BPA) support, etc.
- Labor associated with MEO subcontract administration and MEO subcontract quality assurance
  - Unless solicitation specifies that MEO subcontract will be a government-furnished service
  - Includes administration of government credit card program
- FTEs can be prorated (i.e. 20% of a positions time)
- Labor for MEO administration & inspection associated with MEO letter of obligation

Line 1 – Personnel Costs

- Five Basic Labor Categories
  - General Schedule (GS)
  - Federal Wage System (FWS)
  - Military/Uniformed Services
  - Non-Appropriated Fund (NAF)
  - Foreign National (FN)

- Position Types
  - Appropriated and FN
    - Full-Time/Part-Time/Seasonal (Full Fringe Benefits)
    - Intermittent (OA&S Benefits and Medicare)
    - Temporary/Seasonal (OA&S Benefits and Medicare)
  - NAF
    - Regular (FT/PT)
    - Flexible

Line 1 – Personnel Costs

- Pay Types
  - Other Entitlements (Full Fringe Benefits)
    - Environmental Differential Pay (FWS)
    - Night Shift Differential (FWS)
  - Basic Pay (Salary/Wages + Other Entitlements)
  - Fringe Benefits
    - Full Fringe Benefits (32.85%)
    - OA&S Benefits and Medicare (FICA) (7.65%)
  - Other Pay (FICA Fringe Benefits)
    - Sunday Premium Pay
    - Night Differential (GS)
    - Hazardous Duty Pay (GS)
    - Overtime
    - Holiday Pay

Line 1 – Personnel Costs

- Additional Information
  - Economic Price Adjustment
  - Overseas Allowance (Non-Foreign Area COLA)
  - Full Fringe Benefits (32.85%)
    - Retirement (24%)
    - Insurance and Health Benefits (5.7%)
    - Medicare (1.45%)
    - Miscellaneous (bonuses other than annual cash awards) (1.7%)

- Total Personnel Cost
  - Basic Pay + Fringe Benefits + Other Pay

Line 2 – Materials and Supplies Costs

- Review Solicitation Requirements
  - Schedule B (Bid Schedule) (Cost Ceiling)
  - Economic Price Adjustment (EPA)
  - Insurance
- Inflation Factors
  - Operation & Maintenance (O&M)
  - Fuels
  - Foreign Country O&M
- Listing
  - Ability to group like materials/supplies
  - Do not mix fuels and non-fuels due to different inflation factors

Line 3 – Other Specifically Attributable Costs

Line 3 *COMPARE* Worksheets

- Capital Equipment & Facilities
- Minor Items
- Rental Cost
- Travel Cost
- MEO Subcontractor Cost
- Utilities Cost
- Other Cost

Insurance Report
Totals Report

Line 3 – Capital Equipment and Facilities Costs

- Equipment or Facilities
- Acquisition Cost of $25,000 or more
  - Original purchase price
  - Transportation & installation to place in operation
  - Capital improvements - Treat as separate asset cost
- Check solicitation for maintenance & repair and insurance
- Cost of Capital
  - Asset not provided to Service Provider and
  - Asset acquired within any performance period stated in

Line 3 – Minor Items Costs

Equipment Purchased for < $25,000

- Allocate 10% of replacement cost for each PP used
- Cost Allocated only if Minor Items are not GFP
- Minor items are prorated for MEO share and/or Performance Period
- Maintenance & repair cost included for:
  - Items that are not provided to the Service Provider o
  - Maintenance & repair required by solicitation

Line 3 – MEO Subcontract Costs

- Cost of subcontracts not offered as GFS
- Federal income tax deducted for taxable entities
  - Tax rate from Table 14
- Government credit card purchases
  - Purchased services included in Line 3
  - Purchased materials included in Line 2
- Contract Manpower Equivalents (CMEs)
  - CMEs must be computed for each MEO service subcontract
  - CME information + MEO labor in Line 1 equates to total MEO labor requirements
  - CME information used to determine Line 8

Line 4 – Overhead Costs

- COMPARE automatically calculates this line by computing 12% of the Line 1 Civilian Personnel Cost

- Military/Uniformed Services Personnel Cost is NOT included in Line 4 since overhead costs are already included in the composite rate determination

- Not visible to installation

Line 6 – Total Cost of Agency Performance

Line 1 Personnel Cost
+ Line 2 Material & Supply Cost
+ Line 3 Other Specifically Attributable Cost
+ Line 4 Overhead Cost
+ Line 5 Additional Cost

Line 6 Total Cost of Agency Performance

PS / PR Cost of Performance

Line 7 - PS Price / PR cost estimate

Line 8 - Contract Administration Costs

Line 9 - Additional Costs

Line 10 - One-Time Conversion Costs

Line 11 - Gain on Assets

Line 12 - Federal Income Taxes

Line 13 - Total PS / PR Costs

Line 7 – PS Price / PR Cost Estimate

No Satisfactory Private Sector or Public Reimbursable Source:

Implication:

Checkbox field that if checked will place a note on the SCF and blank out Lines 7-13

Organizational Types:

Tax Exempt

Implication:

- *COMPARE* computes the amount of tax that the organization would have paid if it were a taxable entity (e.g. taxes are DEDUCTED from the Non-Tax Exempt offer price)

Line 8 – Contract Administration Costs

- Authorized Distribution from Table 15
- Line 1 FTEs + MEO Subcontract CMEs on Line 3
- Although Expressed as Personnel Cost, it is a Representative Dollar Amount
- Covers all Costs of Contract Administration
- Liability Insurance also Calculated
- Automatic Calculation uses the REST OF US location from Table 2

Line 10 – One-Time Conversion Costs

- Severance Costs
  - 4% of Line 1 Civilian Basic Pay
  - First period of full performance (annualized)
  - Based upon the lesser of currently assigned civilian or MEO FTEs

- Other Costs (One-Time Conversion Factor)
  - 1% of Line 1 Civilian MEO Basic Pay
  - First period of full performance (annualized)

Line 13 – Total Adjusted Cost of PS / PR Performance

Line 7 PS Price/PR Cost Estimate
+ Line 8 Contract Administration Cost
+ Line 9 Additional Cost
+ Line 10 One-Time Conversion Cost
- Line 11 Gain on Asset Cost
- Line 12 Federal Income Taxes

Line 13 Total Adjusted Cost of PS or PR Performance

Line 14 – Conversion Differential

- Conversion Differential
  - Cost not included in Agency Cost Estimate
  - Unknown morale and disruption costs
  - Minimum level of estimated savings to taxpayer

- Differential is lesser of
  - 10% of personnel costs
  - $10M over all performance periods

- Differential applied depending on situation

Lines 15-18: Standard Competition Decision Lines

- Line 15: Adjusted Total Cost of Agency Performance

- Line 16: Adjusted Total Cost of PS/PR Performance

- Line 17: Cost Difference (Line 16 – Line 15)

- Line 18: Low-Cost Provider

  Positive (Agency)
  Negative (PS/PR)